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**NATIONAL SECURITY DECISION-MAKING AND ELECTORAL POLITICS:  
THE CASE OF THE 1992 SALE OF F-16s TO TAIWAN**

Core Course III Essay

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## **Introduction**

This paper applies Graham Allison's bureaucratic paradigm to the Bush administration's 1992 sale to Taiwan of F-16 aircraft and, in so doing, attempts to illustrate the model's utility as well as its limitations in explaining the national security decision-making process. The NSC staff, Defense Department, and State Department were split over the proposed sale -- a reflection of the differing policy preferences and organizational perspectives of the players from those agencies. But these interagency deliberations, on which the bureaucratic model focuses its analysis, had little impact on the President's decision. Instead, as this paper will argue, electoral considerations -- specifically, the perceived political consequences of large-scale worker lay-offs at the F-16 production facility in Texas, a key state for George Bush's reelection campaign -- were decisive in leading the President to approve the fighter sale. The F-16 sale, preceded by intense lobbying by the plane's manufacturer and members of Congress, demonstrates that the context of national security decision-making is broader than the executive branch bureaucracy and that domestic political and economic factors often intervene in the process.

## **Background**

The F-16 decision took place against the backdrop of over a decade of conflict between the United States and China over arms sales to Taiwan. The December 1978 U.S.-PRC joint communique announced the establishment of diplomatic relations

between the two countries, but the normalization accord did not resolve the arms sales issue. At the time of normalization, President Carter imposed a one-year moratorium on U.S. arms sales to Taiwan, but said the United States would resume sales of "defensive arms" thereafter, Chinese Communist Party Chairman Hua Guofeng proclaimed simultaneously that such arms sales were unacceptable to China. Much to the anger of the Chinese, Congress subsequently incorporated in the Taiwan Relations Act of 1979 a formal undertaking to provide defensive arms to Taiwan.<sup>1</sup>

Ronald Reagan's first two years as president were beset by confrontation with China over Taiwan (candidate Reagan in 1980 had pledged to restore "official" relations with the island) and Taiwan arms sales in particular. To defuse this tension and the Chinese threat to downgrade relations, the State Department in August 1982 negotiated another joint communique with China. Under this 1982 communique, the U.S. government said that it "does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed either in qualitative or quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution."<sup>2</sup> In addition to avoiding a commitment in the communique to a specific date for ending arms sales, the U.S. government obtained from China a declaration of its intent to pursue a peaceful resolution of the Taiwan issue. The communique s

calculated ambiguity broke the immediate impasse in Sino-American relations by allowing each side to offer its own interpretation of the substance; but, as time would show, the communique did not provide a final resolution to bilateral differences over arms sales

### **The Issue**

Taiwan's bid to modernize its air force with a new fighter aircraft began in 1980 at the end of President Carter's one-year arms sales moratorium. The administration authorized General Dynamics and Northrop to explore with the Taiwan authorities the sale of the FX, a fighter to have limited range and ground attack capability that could be sold to other foreign air forces<sup>3</sup> (GD's plane was the F-16/J79, a toned down version of the F-16A; Northrop's F-20 was a follow-on model to the F-5E, which Taiwan had in its inventory). Concerned about the likely PRC response to such a sale, the Reagan administration in January 1982 decided against selling the FX, arguing the threat to Taiwan did not warrant the sale. Instead, in the midst of negotiations with the PRC on the 1982 communique, the U S government announced it would sell additional F-5Es, which were already being co-produced on Taiwan.

The Taiwan authorities remained convinced that their air force had to be modernized and next turned to developing an indigenous fighter (IDF). Over PRC objections, the U S government in 1986 authorized transfer of technology from

General Dynamics to support the IDF's development.<sup>4</sup> By the late 1980's, however, the Taiwan authorities began to sour on the prospects for successful development of the IDF and expressed interest in purchasing the F-16. The answer from the U S. government through the summer of 1992 was negative <sup>5</sup> At this point, with an F-16 sale unlikely, and increasingly concerned about the readiness of their aging and accident prone fleet of F-104s and F-5Es, Taiwan leaders began serious negotiations with the French on purchasing the Mirage 2000-5 fighter <sup>6</sup>

With Taiwan ready to turn to the French, General Dynamics appealed in July 1992 to the Bush administration to reconsider its refusal to sell the F-16. On July 29, GD announced that it would reduce its labor force by 5,800 by late 1994 because of a reduction in F-16 orders <sup>7</sup> As discussed below, General Dynamics got White House attention and succeeded in propelling the F-16 issue to the President's desk

### The Context

Allison's Model III focuses on the politics inside the "black box" of the national security bureaucracy. To understand why things happen in the bureaucracy, one must also consider the domestic and international context in which decisions are made and the impact these factors have on shaping the players' policy preferences.

In the case of the F-16 sale, understanding the domestic context is essential to

any explanation of President Bush's decision. Bush, in the middle of his re-election campaign, was far behind in polls; he had consistently trailed Bill Clinton since the Democratic Convention in July and on September 2, the day he announced the F-16 sale, was 19 points behind.<sup>8</sup> In Texas, Bush's adopted home state where he should have been running strong, the state's Republican chairman acknowledged that the race was extremely close.<sup>9</sup> Texas was also home to the General Dynamics F-16 production line, and the July 29 announcement of impending lay-offs could only hurt Bush's chances for carrying the state. Moreover, these lay-offs reinforced the national perception of the weakness of the economy that was still struggling to recover from recession -- Bush's main liability in his campaign.

The international environment in the summer of 1992 reinforced the tilt in the domestic equation toward a positive decision on the F-16 sale. The end of the Cold War had undermined the U.S. government's principal geopolitical rationale of two decades for maintaining good relations with China -- countering the Soviet threat. Frozen on the images of 1989's bloody repression of pro-democracy demonstrations in Beijing, the American public's perception of China remained decidedly negative; Bush continued to be pummelled by Democrats for "kowtowing" to the Chinese after Tiananmen. While reports of China's economic dynamism were gradually beginning to appear in the press, Taiwan's economic success was already well known, and its foreign currency reserves of \$78 billion were not unnoticed.<sup>10</sup> Moreover, Taiwan's rapid progress over the 1980's in democratization had greatly expanded its political

base of support in Washington.

### **The Players: Outsiders . . .**

In Allison's Model III, the central feature of decision-making is bargaining among bureaucratic players, which takes place along regularized channels. Allison includes "ad hoc" players in his model, for example, interest groups and Congress. In the F-16 case, the actions of the outsiders -- General Dynamics executives, filling the interest group role, and members of Congress -- are more important in explaining the outcome than the deliberations of the core group of national security agencies.

The General Dynamics executives in July and August 1992 used established channels for interest groups to press their views, lobbying the executive and legislative branches and using the media. GD saw Bush's political vulnerability and knew the electoral calendar, including the August Republican convention which was conveniently being held in Houston. Taiwan, by negotiating with the French, had provided GD with an action-forcing event. GD played the two parties against each other, approaching Democrats as well as Republicans on the Hill and offering their Fort Worth plant for whichever presidential campaign would endorse the F-16 sale<sup>11</sup> (Bush availed himself of this offer, making his September 2 announcement at the Fort Worth plant before hundreds of cheering workers). By late July, GD's two weeks of lobbying and media efforts had paid off. Responding to a GD-inspired



question, Bush on July 30 told a telephone interview with Texas radio stations: "[We] are now taking a new look at this [question] to see if this sale of planes can go forward."<sup>12</sup> Bush also made "positive noises" about the sale to Rep. Joe Barton (R-TX), but said a formal interagency review first would have to be completed<sup>13</sup>

Members of Congress were active in pressing for the sale. Immediately after a two hour briefing from General Dynamics on July 14, Congressman Barton, who represents Forth Worth, called White House Deputy Chief of Staff Henson Moore (a former congressman from Louisiana) to make the case.<sup>14</sup> Barton got over 100 members to sign an August 14 letter to President Bush urging that he approve the sale. Senator Lloyd Bentsen, also lobbied by General Dynamics, led the Democrats pushing for the sale. At a July 30 Senate Finance Committee hearing on renewal of China's Most Favored Nation status, Bentsen called for reversal of administration policy on the F-16, saying it was costing American jobs at a time of increased unemployment<sup>15</sup> A State Department official who attended this hearing recalled that Bentsen's linkage of the sale to the domestic economy convinced him for the first time that there had been a fundamental shift on this issue -- a conclusion reinforced later that same day with Bush's comments during the Texas radio interview.<sup>16</sup>

### . . . And the Insiders

Bush's "positive noises" to Barton about the sale were preceded only by a

"quick-and-dirty" review of the sale and the China/Taiwan issue by a small group of White House and NSC staff members.<sup>17</sup> For some months, administration officials at the sub-cabinet level had held informal discussions about the possibility of approving the F-16 sale, but proponents envisioned a post-election timetable at the earliest.<sup>18</sup> The sudden momentum for a sale, generated by the outsiders, came a surprise to the inside players.

Following up on President Bush's July 30 announcement, the regular channel for national security decision-making swung into action. The Policy Coordinating Committee for East Asia, chaired by Assistant Secretary of State William Clark, met several times in August consider the sale. Participants came to the meeting with different understandings of what their mission was. A DOD official understood that the sale was already a done deal, and that the interagency group should focus on an implementation strategy.<sup>19</sup> A State Department official initially thought the issue was still in question, but soon became convinced that the White House had already made the basic decision to sell.<sup>20</sup> The PCC's discussions continued through the last week of August, when the White House abruptly called for immediate delivery of the interagency position paper being prepared by the group. Shortly thereafter, the President made his formal decision and notification went out to Taiwan and China. Although the U.S government was reversing a decade old policy, neither the Deputies Committee nor cabinet principals -- the "Chiefs", in Allison's terminology -- met formally to consider this issue.

Within the PCC, the "Indians" -- Allison's term for the political appointees and senior career officials in the bureaucracy -- were split.<sup>21</sup> DOD, represented by the Assistant Secretary for International Security Affairs, joined the NSC senior director for Asia in arguing for the sale. Arguments in favor centered on U.S. obligations under the Taiwan Relations Act to provide defensive arms to Taiwan, the declining capabilities of the Taiwan Air Force at a time when the PRC had just purchased SU-27 aircraft from Russia; maintenance of the U.S. role as the dominant arms supplier to Taiwan; and the economic benefit to the U.S. of a sale worth almost \$6 billion that would employ 10,000 workers (3,000 at the General Dynamics plant and 7,000 through various subcontractors). Failure to sell the F-16 could leave the United States with the worst possible outcome: more lay-offs in the U.S. and Mirages in Taiwan. The DOD position reflected its organizational interests -- for example, the services' long-standing close relations with the Taiwan military and the Department's interest in protecting the defense industry being hit hard by budget cuts. The NSC and DCD players were also motivated by their policy preferences; in this case, both favored a general policy of enhancing our relationship with Taiwan.

On the other side, the State Department officials in the interagency process opposed the sale. State had negotiated the 1982 communique on arms sales, which had become part of the framework of U.S.-China relations, and had an institutional obligation to defend it. It would be hard sell to convince the Chinese that an F-16 sale of up to \$6 billion would be consistent with the communique's provision for a reduction

over time in quality and quantity of arms sales. (Arms sales had fallen from \$707 million in 1984 to \$497 million in 1991 )<sup>22</sup> U.S.-China relations were already strained, State officials argued, and would suffer further. The F-16 sale could undercut U.S objectives in the areas of human rights, non-proliferation, and trade by undermining those Chinese trying to improve bilateral relations and inviting Chinese retaliation. In addition, the sale would come at a time when tensions between Taiwan and the mainland were at an all time low, with rapidly increasing trade and investment between the two sides

#### **James Baker: "Chief" in Transition**

The State Department "Indians" seemed to have little support at the top of their bureaucracy for their position Allison, in his writing on the bureaucratic model, quotes the aphorism "where you stand depends on where you sit." In the case of Secretary of State Baker, the F-16 issue came during his last month in office when he knew he would be changing his seat. As White House Chief of Staff, a job which he assumed on August 23, Baker saw his main task to be the reelection of George Bush. Moreover, from his tenure as Secretary, he had no love for the Chinese. One participant in the process believes Baker was the source of the following quote, attributed to a senior White House official, which appeared in The New York Times on September 4, 1992: "They came to me and asked what I thought about selling planes to Taiwan and I said to them, 'Hey, where do I sign ' I couldn't check off on it fast

enough."<sup>23</sup>

As chief of staff, Baker quickly implemented a new strategy for the President to use his powers to the maximum political advantage<sup>24</sup> Thus, on the same day that Bush appeared in Fort Worth to announce the F-16 sale, he told farmers in South Dakota that the government would spend another \$1 billion on wheat export subsidies and promised another \$755 million in flood relief to farmers in Florida and Texas. On September 11, Bush made a campaign appearance at a McDonnell Douglas plant in St. Louis to announce a \$9 billion sale of F-15s to Saudi Arabia. This series of announcements reinforced the popular perception that the Taiwan deal was primarily motivated by domestic political consideration.

### The Outcome

The outcome of the F-16 sale was mixed. George Bush ended up with a narrow victory in Texas in November, while losing the election nationwide. The Taiwan authorities were generally pleased by the administration's decision, although the goodwill generated by the sale was tempered by complaints that the United States had offered them the older F-16 A/B rather than the more advanced C/D version. The political pressure to make a quick decision undercut U.S. diplomatic implementation strategy, and the administration was unable to prevent the Taiwan Air Force from purchasing the Mirage 2000 as well. The Chinese pulled out of multilateral talks on

controlling arms sales to the Middle East, flirted with stiffer retaliatory measures, but in the end opted for restraint. However, some U S analysts believe that the F-16 deal may have been a factor in China's fall 1992 transfer to Pakistan of missile-related technology for which the U.S. government imposed sanctions in 1993.<sup>25</sup>

### **Conclusions**

Allison's bureaucratic model is a useful, but not all encompassing, framework for understanding the national security decision-making process. The F-16 case makes clear that players outside the bureaucracy can and do have a substantial impact on government decisions. Bush's national security team had begun to think of reversing the policy against selling advanced fighters to Taiwan. But it was General Dynamics, using the Taiwan negotiations with the French, that forced an early decision by a skillful lobbying campaign and by exploiting Bush's electoral vulnerabilities. The policy outcome emerged from the political channel of interest group and congressional interaction with the White House staff; the regular decision-making channel of interagency deliberation functioned primarily to devise an implementation strategy for a White House decision that apparently had already been made. That decision had a national security rationale, but domestic political and economic considerations were the decisive factors. As electoral strategy, the F-16 decision was as much defensive (to prevent Democrats from arguing that the administration was sacrificing American jobs to placate the Chinese) as offensive (to win votes in Texas)

It is remarkable that a policy followed for over a decade was reversed so quickly and with limited input from the national security bureaucracy. The reason may be that George Bush was thoroughly familiar with the two main subjects involved: Texas and China. He knew the issues and did not need extended deliberation to make his decision. In making his decision, Bush was constrained not by the bureaucracy but by domestic political and economic realities.

## NOTES

1. Martin L. Lasater, Policy in Evolution: The U.S. Role in China's Reunification, Boulder: Westview Press, 1989, pp. 32, 43.
2. Ibid., p. 89.
3. Ibid., pp. 43-44.
4. Ibid., p. 173.
5. From author's interview with a DOD official.
6. Julian Baum, "A Foot in the Door: US Decision Opens New Options to Taiwan Military," Far Eastern Economic Review, September 17, 1992, p. 12.
7. Susuma Awanohara, "Election Dynamics: Candidate Bush to Review Aircraft Sale to Taiwan," Far Eastern Economic Review, August 20, 1992, p. 20.
8. The New York Times, "The Race in Different Polls," September 2, 1992, p. A17.
9. Robin Toner, "Republicans' 'Electoral Lock' is Looking Much Less Secure," The New York Times, August 3, 1992, p. A1.
10. Amy Borrus et al. "An Arms Deal That Suits Everyone But Beijing," Business Week, September 14, 1992, p. 30.
11. From author's interview with a Bush administration official.
12. Awanohara, Op. Cit., p. 20.
13. Ibid.
14. Don Oberdorfer, "1982 Arms Policy with China Victim of Bush Campaign, Texas Lobbying," The Washington Post, September 4, 1992, p. A31.
15. United States Senate, "Extending China's MFN Status: Hearings Before the Committee on Finance," Washington: Government Printing Office, 1993, pp. 19-20.
16. From author's interview with a State Department official
17. Oberdorfer, Op. Cit., p. A31
18. From author's interview with a Bush administration official



19. From author's interview with a DOD official.
20. From author's interview with a State Department official.
21. From author's interviews with DOD and State officials and from personal recollection. Awanohara also provides a run down of the pro's and con 's in "Election Dynamics" cited above
22. Lee Feinstein, "Administration to Sell Advanced F-16 Fighters to Taiwan," Arms Control Today, Vol. 22 No. 7, September 1992, p. 17
23. Thomas L. Friedman, "China Warns U.S on Taiwan Jet Deal," The New York Times, September 4, 1992, p. A3.
24. Michael Wines, "\$8 Billion Directed to Wheat Farmers and Arms Workers," The New York Times, September 3, 1992, p. A1.
25. From author's recollection.

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## INTERVIEWS

For this paper, the author interviewed three participants in the F-16 decision-making process: a Bush administration official; a State Department official; and a DOD official. These interviews were conducted on December 15 and 16. The three participants were interviewed on a background basis (not for attribution by name). The author, who was working in the State Department's Office of Chinese Affairs at the time of the F-16 decision, has supplemented these interviews with his own recollections.